

§243. Immovable property; dealings

A. A state bank may lawfully purchase, hold, and convey any immovable property:

- (1) Which is necessary for the proper transaction of its business.
- (2) Which has been mortgaged to it in good faith as security for loans.
- (3) Which has been conveyed to it in satisfaction of debts previously contracted bona fide in the course of its business.

(4) Which it purchases at sales under judgment of mortgages held by it or in which it has an interest by being subrogated to rights according to Article 2161 of the Civil Code.

(5) Pursuant to participation in a shared appreciation loan or home equity conversion loan, including but not limited to reverse mortgages and shared appreciation mortgages, wherein the bank has a right to receive a share of the appreciation in value of the security property upon maturity of the loan. Such loans shall be authorized when any of the following exist:

(a) The security property of the borrower is designed principally as a single-family residence.

(b) The borrower is the owner and occupant of the security property.

(c) The loan is authorized pursuant to the Alternative Mortgage Transaction Parity Act of 1982, 12 U.S.C. §3801, et seq., and regulations issued thereunder, or regulations issued by the office of financial institutions as provided in this Title.

B.(1) Except for property held pursuant to Paragraphs (A)(1) and (A)(5) of this Section, a state bank shall not hold immovable property as an asset for a longer time than ten years. Any bank holding immovable property which is subject to the ten-year divestiture period shall enter the immovable property on its books at fair market value, or acquisition cost, whichever is lower.

(2)(a) A state bank shall obtain annually, within a reasonable time as determined by the commissioner, from a qualified appraiser a current appraisal of the fair market value of any such property valued at an amount greater than two hundred fifty thousand dollars and shall reduce the value of any property on its books if the fair market value has declined.

(b) For property valued at less than two hundred fifty thousand dollars, a state bank shall annually perform an adequate evaluation of such property. If it is determined after adequate evaluation that the property has a value that is less than its book value, then the book value shall be reduced to reflect the correct valuation of the property in accordance with policies adopted by the commissioner. The commissioner may require a state bank to obtain an appraisal by a qualified appraiser of a piece of property valued at less than two hundred fifty thousand dollars, if it is necessary for safety and soundness reasons.

(c) A state bank may, at its option, select the method of valuation as provided for in this Paragraph, or may reduce the value of the immovable property by at least one-tenth of the original book value each year that the property is held. The bank shall divest itself of that property within the ten-year period, regardless of which method of valuation is selected. The bank shall continue to apply said method consistently throughout the divestiture period.

(3) The ten-year divestiture requirement shall not apply to immovable property which has been held by a state bank for more than five years as of January 1, 1980.

(4) A bank which acquires the assets of a failed or failing bank shall be allowed ten years from the date it acquires the immovable property of the failed or failing bank within which to divest itself of such property. A qualified appraisal shall be obtained annually, as provided in Paragraph (2) of this Subsection, for each item of property having a value in excess of one hundred thousand dollars. A bank shall establish the anniversary date to be the original acquisition date of the other immovable property as determined by the failed or failing institution or the date the bank acquires the other immovable property of the failed or failing institution. Once the anniversary date has been established, that date will remain as such for as long as the property is held by the bank.

(5) Except as otherwise provided by rule or regulation promulgated by the commissioner, a state bank shall not exchange any property, whether movable or immovable, acquired in the course of its business as provided in Subsection A hereof.

C. Repealed by Acts 1999, No. 860, §3, eff. July 2, 1999.

D.(1) A state bank may hold immovable property in perpetuity, exempt from the divestiture requirements of this Section, if all of the following conditions are met:

(a) The property is not being operated by the financial institution as an ongoing business.

(b) The property has been written down to the value of one dollar on the books of the bank.

(c) The property has been transferred into a subsidiary of the bank.

(2) Property held in perpetuity subject to Paragraph (1) of this Subsection shall also be exempt from the requirement for appraisal contained in Paragraph B(2) of this Section.

Acts 1984, No. 719, §1, eff. Jan. 1, 1985; Acts 1985, No. 503, §1; Acts 1986, No. 55, §1; Acts 1989, No. 399, §1; Acts 1991, No. 340, §1, eff. July 6, 1991; Acts 1991, No. 789, §1; Acts 1992, No. 877, §1, eff. Sept. 1, 1992; Acts 1995, No. 1202, §1; Acts 1999, No. 860, §§1, 3, eff. July 2, 1999; Acts 2001, No. 544, §1, eff. June 21, 2001; Acts 2004, No. 40, §1.